

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 78

Topic: Mineral Resources Rent Tax and modelling

Hansard Page: Written

Senator Bushby asked:

Could Treasury confirm that revenue estimates for the MRRT are based on a State royalty rate of 7.5%?

Could Treasury confirm the effect on expected Australian Government revenue if Western Australia or other States raise their royalties collected above 7.5%?

- If revenue is in fact reduced as a result of this, would Government expenditure also be reduced?
- What areas of government expenditure would be cut?

Answer:

- The revenue estimates for the MRRT are not based on a State Royalty rate of 7.5 per cent. The estimates are based on analysis of State budget estimates of royalty collections and the total production value of the relevant mineral commodities.
- The impact of changes to royalty rates on commodities subject to the MRRT on MRRT revenue depends on the circumstances of the individual mines paying those royalties.
- Decisions around government expenditure are a matter of policy.